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10 **UNITED STATES BANKRUPTCY COURT**
11 **NORTHERN DISTRICT OF CALIFORNIA**
12 **SAN FRANCISCO DIVISION**

13 **In re:**

14 **PG&E CORPORATION,**

15 **- and -**

16 **PACIFIC GAS AND ELECTRIC
COMPANY,**

17 **Debtors.**

- 18 ☐ Affects PG&E Corporation
19 ☐ Affects Pacific Gas and Electric Company
20 ☒ Affects both Debtors

21 ** All papers shall be filed in the Lead Case, No.
22 19-30088 (DM).*

Bankruptcy Case No. 19-30088 (DM)

Chapter 11

(Lead Case) (Jointly Administered)

**REORGANIZED DEBTORS' FORTY-SIXTH
OMNIBUS OBJECTION TO CLAIMS
(BOOKS AND RECORDS CLAIMS)**

Response Deadline:
December 29, 2020, 4:00 p.m. (PT)

Hearing Information If Timely Response Made:

Date: January 12, 2021

Time: 10:00 a.m. (Pacific Time)

Place: (Telephonic Appearances Only)

United States Bankruptcy Court

Courtroom 17, 16th Floor

San Francisco, CA 94102

1 **TO: (A) THE HONORABLE DENNIS MONTALI, UNITED STATES BANKRUPTCY**
2 **JUDGE; (B) THE OFFICE OF THE UNITED STATES TRUSTEE; (C) THE AFFECTED**
3 **CLAIMANTS; AND (D) OTHER PARTIES ENTITLED TO NOTICE:**

4 PG&E Corporation (“**PG&E Corp.**”) and Pacific Gas and Electric Company (the “**Utility**”), as
5 debtors and reorganized debtors (collectively, the “**Debtors**” or as reorganized pursuant to the Plan (as
6 defined below), the “**Reorganized Debtors**”) in the above-captioned chapter 11 cases (the “**Chapter 11**
7 **Cases**”), hereby submit this forty-sixth omnibus objection (the “**Objection**”) to the claims identified in
8 the column headed “Claims To Be Reduced or Disallowed” on **Exhibit 1** annexed hereto.

9 **I. JURISDICTION**

10 This Court has jurisdiction over this Objection under 28 U.S.C. §§ 157 and 1334; the *Order*
11 *Referring Bankruptcy Cases and Proceedings to Bankruptcy Judges*, General Order 24 (N.D. Cal.); and
12 Rule 5011-1(a) of the Bankruptcy Local Rules for the United States District Court for the Northern
13 District of California (the “**Bankruptcy Local Rules**”). This matter is a core proceeding pursuant to 28
14 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The
15 statutory predicates for the relief requested are section 502 of Title 11 of the United States Code (the
16 “**Bankruptcy Code**”) and Rule 3007 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy**
17 **Rules**”).

18 **II. BACKGROUND**

19 On January 29, 2019 (the “**Petition Date**”), the Debtors commenced with the Court voluntary
20 cases under chapter 11 of the Bankruptcy Code. Prior to the Effective Date (as defined below), the
21 Debtors continued to operate their businesses and manage their properties as debtors in possession
22 pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner was appointed
23 in either of the Chapter 11 Cases. The Chapter 11 Cases are being jointly administered for procedural
24 purposes only pursuant to Bankruptcy Rule 1015(b).

25 Additional information regarding the circumstances leading to the commencement of the Chapter
26 11 Cases and information regarding the Debtors’ businesses and capital structure is set forth in the
27 *Amended Declaration of Jason P. Wells in Support of the First Day Motions and Related Relief* [Docket
28 No. 263].

1 On July 1, 2019, the Court entered the *Order Pursuant to 11 U.S.C. §§ 502(b)(9) and 105(a),*
2 *Fed. R. Bankr. P. 2002, 3003(c)(3), 5005, and 9007, and L.B.R. 3003-1 (I) Establishing Deadline for*
3 *Filing Proofs of Claim, (II) Establishing the Form and Manner of Notice Thereof, and (III) Approving*
4 *Procedures for Providing Notice of Bar Date and Other Information to All Creditors and Potential*
5 *Creditors* [Docket No. 2806] (the “**Bar Date Order**”). The Bar Date Order set the deadline to file all
6 proofs of claim (each, a “**Proof of Claim**”) in respect of any prepetition claim (as defined in section
7 101(5) of the Bankruptcy Code), including all claims of Fire Claimants (as defined therein), Wildfire
8 Subrogation Claimants (as defined therein), Governmental Units (as defined in section 101(27) of the
9 Bankruptcy Code), and Customers, and for the avoidance of doubt, including all secured claims and
10 priority claims, against either of the Debtors as October 21, 2019 at 5:00 p.m. Pacific Time (the “**Bar**
11 **Date**”). The Bar Date later was extended solely with respect to unfiled, non-governmental Fire
12 Claimants to December 31, 2019 [Docket No. 4672]¹; and subsequently with respect to certain claimants
13 that purchased or acquired the Debtors’ publicly held debt and equity securities and may have claims
14 against the Debtors for rescission or damages to April 16, 2020 [Docket No. 5943].

15 By Order dated June 20, 2020 [Dkt. No. 8053], the Bankruptcy Court confirmed the *Debtors’*
16 *and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization Dated June 19, 2020* (as may be
17 further modified, amended or supplemented from time to time, and together with any exhibits or
18 scheduled thereto, the “**Plan**”). The Effective Date of the Plan occurred on July 1, 2020 (the “**Effective**
19 **Date**”). See Dkt. No. 8252.

20 **III. RELIEF REQUESTED**

21 The Reorganized Debtors file this Objection, pursuant to section 502 of the Bankruptcy Code,
22 Bankruptcy Rule 3007, Bankruptcy Local Rule 3007-1, and the *Order Approving (A) Procedures for*
23 *Filing Omnibus Objections to Claims and (B) the Form and Manner of the Notice of Omnibus*
24 *Objections*, dated June 30, 2020 [Docket No. 8228] (the “**Omnibus Objections Procedures Order**”),
25 seeking entry of an order (i) disallowing and expunging the claims identified herein that the Reorganized
26 Debtors have determined, based on a review of their books and records, assert amounts for which they

27 ¹ The claims of Fire Claimants will be administered through the Fire Victim Trust and the claims of
28 Wildfire Subrogation Claimants through the Subrogation Wildfire Trust in accordance with the Plan.

are not liable, or (ii) allowing in reduced amounts the claims identified herein that the Reorganized Debtors have determined demand higher amounts than are reflected in the Reorganized Debtors' books and records (collectively, the "**Books and Records Claims**"). In some cases, the Reorganized Debtors have attempted to settle the Books and Records Claims by offering the applicable claimant a settlement amount that reflected the Reorganized Debtors' books and records. In those cases where a settlement was offered, the Reorganized Debtors have waited a minimum of ten business days before including the Books and Records Claims in **Exhibit 1**. The Books and Records Claims are identified on **Exhibit 1**, in the row titled "Creditor," and the amount that corresponds to the Reorganized Debtors' books and records is listed in the row titled "Reduced Amount."² The Reorganized Debtors request that the Books and Records Claims be allowed in the amount listed in the "Reduced Amount" row, or, if that amount is zero, disallowed and expunged.

IV. ARGUMENT

A. The Books and Records Claims Should be Disallowed or Allowed in the Reduced Amount

The Omnibus Objections Procedures Order supplemented Bankruptcy Rule 3007(d) to permit the Reorganized Debtors to file objections to more than one claim if "[t]he amount claimed contradicts the Debtors' books and records and the Debtors, after review and consideration of any information provided by the Claimant, deny liability in excess of the amount reflected in the Debtors' books and records." Omnibus Objections Procedures Order, ¶2(C)(i). Bankruptcy Rule 3007(e) requires that an omnibus objection must list the claimants alphabetically and by cross-reference to claim numbers. Each of the Books and Records Claims identified on **Exhibit 1** lists an amount that contradicts the Reorganized Debtors' books and records. The Reorganized Debtors have determined that the Books and Records Claims assert liabilities for which the Reorganized Debtors are not liable or in excess of the amounts as reflected in their books and records, and as stated in the Reduced Amounts column on **Exhibit 1**. In some cases, parts of the excess amounts asserted in the Books and Records Claims were satisfied by,

² Several Claims listed on Exhibit 1 as "Unliquidated Claims" assert unliquidated amounts. The Reorganized Debtors do not dispute the liquidated amounts asserted—the asserted amount and the Reduced Amount are the same—but dispute and object to any purported additional unliquidated amounts, which do not reconcile with the Reorganized Debtors' books and records.

1 among other things, payments made during the Chapter 11 Cases pursuant to Court orders or as cure
2 payments made in connection with the Reorganized Debtors' assumption of executory contracts under
3 the Plan. In other cases, since the Debtors filed their schedules in March 2019, they have made
4 accounting adjustments and reconciliations that have modified the initial claim amounts scheduled.
5 Accordingly, the Reorganized Debtors are seeking to reduce the filed claims or the scheduled claims to
6 the amounts for which they are liable based their current books and records.

7 Each of the Claimants is listed alphabetically, and the claim number and amount are identified
8 in accordance with Bankruptcy Rule 3007(e). Furthermore, in accordance with the Omnibus Objections
9 Procedures Order, the Reorganized Debtors have sent individualized notices to the holders of each of
10 the Books and Records Claims. The Reorganized Debtors request that the Court allow the Books and
11 Records Claims in the reduced amounts listed on Exhibit 1 or, if that amount is zero, disallowed and
12 expunged.

13 **B. The Claimants Bear the Burden of Proof**

14 A proof of claim is "deemed allowed, unless a party in interest . . . objects." 11 U.S.C. § 502(a).³
15 Section 502(b)(1) of the Bankruptcy Code, however, provides in relevant part that a claim may not be
16 allowed if "such claim is unenforceable against the debtor and property of the debtor, under any
17 agreement or applicable law." 11 U.S.C. § 502(b)(1). Once the objector raises "facts tending to defeat
18 the claim by probative force equal to that of the allegations of the proofs of claim themselves," *Wright*
19 *v. Holm (In re Holm)*, 931 F.2d 620, 623 (9th Cir. 1991), quoting 3 L. King, *Collier on Bankruptcy* §
20 502.02 at 502-22 (15th ed. 1991), then "the burden reverts to the claimant to prove the validity of the
21 claim by a preponderance of the evidence," *Ashford v. Consolidated Pioneer Mortgage (In re*
22 *Consolidated Pioneer Mortgage)* 178 B.R. 222, 226 (B.A.P. 9th Cir. 1995) (quoting *In re Allegheny*
23 *Int'l, Inc.*, 954 F.2d 167, 173-74 (3d Cir. 1992)), *aff'd without opinion* 91 F.3d 151 (9th Cir. 1996).
24 "[T]he ultimate burden of persuasion is always on the claimant." *Holm*, 931 F.2d at 623 (quoting King,
25

26 ³ On November 17, 2020, the Court entered the *Order Extending Deadline for the Reorganized Debtors*
27 *to Object to Claims* [Docket No. 9563], which extended the deadline under Section 7.1 of the Plan for
28 the Reorganized Debtors to bring objections to Claims through and including June 26, 2021 (except for
claims of the United States which deadline was extended to March 31, 2021), without prejudice to the
right of the Reorganized Debtors seek further extensions thereof.

1 *Collier on Bankruptcy*); see also *Lundell v. Anchor Constr. Specialists, Inc.*, 223 F.3d 1035, 1039 (9th
2 Cir. 2000), *Spencer v. Pugh (In re Pugh)*, 157 B.R. 898, 901 (BAP 9th Cir. 1993); *In re Fidelity Holding*
3 *Co.*, 837 F.2d 696, 698 (5th Cir. 1988).

4 As set forth above, the Reorganized Debtors are not liable on any of the Books and Records
5 Claims beyond the “Reduced Amount” listed on **Exhibit 1**—which, in some cases, is zero—and they
6 deny any liability in excess of the Reduced Amount. On that basis, the Reorganized Debtors submit that
7 the Books and Records Claims should be allowed in their respective Reduced Amounts and disallowed
8 as to any and all amounts in excess thereof (or, disallowed and expunged in their entirety if the Reduced
9 Amount is zero). If any Claimant believes that it is owed more than the Reduced Amount, it must present
10 affirmative evidence to establish its entitlement to such excess amount.

11 **V. RESERVATION OF RIGHTS**

12 The Reorganized Debtors hereby reserve the right to object, as applicable, in the future to any of
13 the Proofs of Claim listed in this Objection on any ground, and to amend, modify, or supplement this
14 Objection to the extent an objection to a claim is not granted, and to file other objections to any proofs
15 of claims filed in these cases, including, without limitation, objections as to the amounts asserted therein,
16 or any other claims (filed or not) against the Debtors, regardless of whether such claims are subject to
17 this Objection. A separate notice and hearing will be scheduled for any such objections. Should the
18 grounds of objection specified herein be overruled or withdrawn, wholly or in part, the Reorganized
19 Debtors reserve the right to object to the Books and Records Claims on any other grounds that the
20 Reorganized Debtors may discover or deem appropriate.

21 **VI. NOTICE**

22 Notice of this Objection will be provided to (i) holders of the Books and Records Claims; (ii) the
23 Office of the U.S. Trustee for Region 17 (Attn: Andrew R. Vara, Esq. and Timothy Laffredi, Esq.);
24 (iii) counsel to the Creditors Committee; (iv) counsel to Tort Claimants Committee; (v) all counsel and
25 parties receiving electronic notice through the Court’s electronic case filing system; and (vi) those
26 persons who have formally appeared in these Chapter 11 Cases and requested service pursuant to
27 Bankruptcy Rule 2002. The Reorganized Debtors respectfully submit that no further notice is required.
28

1 No previous request for the relief sought herein has been made by the Reorganized Debtors to this or
2 any other Court.

3 WHEREFORE the Reorganized Debtors respectfully request entry of an order granting (i) the
4 relief requested herein as a sound exercise of the Reorganized Debtors' business judgment and in the
5 best interests of their estates, creditors, shareholders, and all other parties interests, and (ii) such other
6 and further relief as the Court may deem just and appropriate.

7 Dated: December 3, 2020

KELLER BENVENUTTI KIM LLP

8 By: /s/ Peter J. Benvenutti
9 Peter J. Benvenutti

10 *Attorneys for Debtors and Reorganized Debtors*
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